



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
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Frankfort, KY 40602-5190
KentuckyPower.com

February 23, 2011

Mr. Jeff R. Derouen, Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

RECEIVED
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**PUBLIC SERVICE
COMMISSION**

Dear Mr. Derouen:

Re: Special Service Contract between Kentucky Power Company and
KES Acquisition Company

Pursuant to 807 KAR 5:011, Section 13, enclosed are the original and four copies of the special Contract signed between KES Acquisition Company ("KES" or the "Customer") and Kentucky Power Company (the "Company") on February 17, 2011. The Contract provides for electric capacity and energy service to KES for consumption at the premises located at 2704 S Big Run Road West, Ashland, Kentucky.

In light of discussions with KES, the Company believes it is appropriate to provide service to the Customer upon the following terms agreed to by both parties:

1. The initial term of the contract is for one year rather than the standard two year agreement. The shorter term was deemed appropriate given the Customer's history with the Company and the minimal work required for these changes.
2. The firm portion of the bill is to be billed on the Company's C.I.P. - T.O.D. Tariff at Transmission Service (Tariff Code 372).
3. The contract designates 10 MW of firm capacity and 21 MW of interruptible capacity.
4. The Company agrees to a maximum of ten interruption events per year to last no more than six hours for any interruption event.
5. In consideration of interruptible service on a portion of the KES load, an Interruptible Demand Credit has been calculated to be applied for each planning year through 2013.

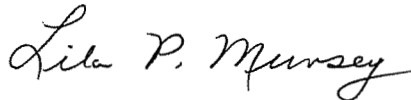
Jeff R. Derouen
Page 2
February 23, 2011

6. All other surcharges and terms and conditions apply as noted in the tariff.
7. This contract will become effective on the first day of the first billing month following the approval of this Contract by the Public Service Commission of Kentucky.

The Company and the Customer believe the special provisions of the contract strike a reasonable balance between the interests of the company's other customers, the Company and KES.

Should there be additional information required after you or your staff reviews the enclosed information, please feel free to call me at 502/696-7010.

Sincerely,



Lila P. Munsey
Manager, Regulatory Services

Attachment

cc: John Scheel - KES
Delinda K. Borden - Ashland
Michael D. Hurley - Ashland
Larry J Pemberton - Ashland
Everett G. Phillips - Ashland
David M. Roush - Columbus, Ohio
Robert E. Yontz - Columbus, Ohio
Greg G Pauley - Frankfort
Ranie K Wohnhas - Frankfort